

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**

**FINANCIAL STATEMENTS  
AND REPORTS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
AND OMB CIRCULAR A-133**

**Year Ended March 31, 2008**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Association for Utah Community Health

We have audited the accompanying statement of financial position of the Association for Utah Community Health (a nonprofit organization) as of March 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Association for Utah Community Health's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for Utah Community Health as of March 31, 2008, and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2009, on our consideration of the Association for Utah Community Health's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Association for Utah Community Health taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Squire & Company, PC*

January 13, 2009

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**STATEMENT OF FINANCIAL POSITION**

March 31, 2008

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**ASSETS**

**Current Assets:**

Cash	\$ 780,071
Accounts and grants receivable	569,812
Prepaid expenses	<u>6,296</u>
Total current assets	1,356,179

**Net Fixed Assets**

199,693

Total assets \$ 1,555,872

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$ 261,424
Accrued expenses	90,102
Deferred grant revenue	<u>228,817</u>
Total current liabilities	580,343

**Unrestricted Net Assets:**

Designated for fixed assets	199,693
Undesignated	<u>775,836</u>
Total unrestricted net assets	<u>975,529</u>
Total liabilities and net assets	<u>\$ 1,555,872</u>

The accompanying notes are an integral part of this financial statement.

**ASSOCIATION FOR UTAH COMMUNITY HEALTH  
STATEMENT OF ACTIVITIES**

Year Ended March 31, 2008

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**Unrestricted Net Assets:**

Revenue and Support:

Grants	\$ 1,454,752
Donations	14,238
Pharmacy services	673,699
Membership dues and assessments	131,175
Annual meeting	41,333
Interest income	5,913
	<hr/>
Total revenue and support	2,321,110

Expenses:

Program services:

AmeriCorps	434,954
Diabetes	74,020
Heart disease	46,296
Immunization	202,523
Other member services	714,893
Pharmacy	685,528
Management and general	174,389
	<hr/>
Total expenses	2,332,603

**Change in Net Assets**

(11,493)

**Net Assets at Beginning of Year**

987,022

**Net Assets at End of Year**

\$ 975,529

The accompanying notes are an integral part of this financial statement.

# **ASSOCIATION FOR UTAH COMMUNITY HEALTH STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended March 31, 2008

	Program Services						Total	Support Services	
	AmeriCorps	Diabetes	Heart Disease	Immunization	Other			Management and General	Total Expenses
					Member Services	Pharmacy			
Wages and benefits	\$ 408,387	\$ 12,832	\$ 8,198	\$ 80,170	\$ 451,130	\$ 51,968	\$ 1,012,685	\$ 84,233	\$ 1,096,918
Contracted services	-	-	-	275	94,633	-	94,908	-	94,908
Travel	9,392	108	564	3,297	32,121	3,926	49,408	-	49,408
Office and supplies	5,214	183	90	1,602	19,896	4,157	31,142	5,579	36,721
Pharmaceuticals	-	-	-	-	-	616,430	616,430	-	616,430
Member grants	-	60,057	36,961	103,468	25,000	4,366	229,852	-	229,852
Occupancy	6,464	708	435	3,772	25,067	3,206	39,652	7,103	46,755
Conferences and meetings	1,761	32	48	3,781	59,520	917	66,059	-	66,059
Other	3,736	100	-	6,158	7,526	558	18,078	1,229	19,307
Depreciation	-	-	-	-	-	-	-	76,245	76,245
Total expenses	\$ 434,954	\$ 74,020	\$ 46,296	\$ 202,523	\$ 714,893	\$ 685,528	\$ 2,158,214	\$ 174,389	\$ 2,332,603

The accompanying notes are an integral part of this financial statement.

# ASSOCIATION FOR UTAH COMMUNITY HEALTH

## STATEMENT OF CASH FLOWS

Year Ended March 31, 2008

### Cash Flows from Operating Activities:

Cash received from granting agencies	\$ 1,360,716
Cash received for program services	836,707
Cash received from members and donors	21,500
Interest received	5,913
Cash paid for goods and services	(1,052,117)
Cash paid to employees and for benefits	(1,106,652)
Net cash provided by operating activities	66,067

### Cash Flows from Investing Activities:

Purchases of fixed assets	(12,333)
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### Net Change in Cash

53,734

### Cash at Beginning of Year

726,337

### Cash at End of Year

\$ 780,071

### Supplemental Information:

A reconciliation of the change in net assets to cash flows provided by operating activities follows:

Change in net assets	\$ (11,493)
Depreciation	76,245
Changes in operating assets and liabilities:	
Accounts and grants receivable	(135,401)
Prepaid expenses	147
Accounts payable	104,937
Accrued expenses	(9,733)
Deferred grant revenue	41,365
Net cash provided by operating activities	\$ 66,067

The Association paid no in interest or income taxes for the year ended March 31, 2008.

The Association had no noncash investing for financing activities during the year ended March 31, 2008.

## **ASSOCIATION FOR UTAH COMMUNITY HEALTH**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

The financial statements of the Association for Utah Community Health (the Association) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Business Activity – Association for Utah Community Health is a nonprofit organization located in Salt Lake City, Utah and was incorporated in 1985, for the purpose of, but not limited to, supporting and representing its member organizations and working to increase access to health care for medically underserved populations in Utah.

Income Taxes – The Association is a tax-exempt organization under Internal Revenue Code Section 501(a) and is classified as a Section 501(c)(3) public charity.

Accounts Receivable – The Association's accounts receivable consist of amounts due from federal, state, and local sources. No allowance for doubtful accounts has been established, as the Association deems all amounts to be fully collectible.

Fixed Assets – Equipment with a cost of \$1,000 or more is capitalized and depreciated over its useful life using the straight-line method of depreciation (see Note 3). Donated equipment is recorded at estimated fair value at the time of donation.

Donated Services and Supplies – Donated services are recognized as contributions at fair value when the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Donated supplies are recognized as contributions when the supplies would otherwise be purchased by the Association and are recorded at their fair values. Donated services and supplies totaled \$2,238 for the year ended March 31, 2008.

Revenue Recognition – Operating funds for the Association are derived from federal, state, and local funds. The Association receives federal and state grants, primarily on a reimbursement basis. Accordingly, grant revenues are recognized when qualifying expenses have been incurred and all other grant requirements have been met. Amounts of restricted grants received in excess of expenditures are recorded as deferred revenue.

Allocation of Costs – Direct costs are charged directly to the appropriate program. Indirect costs are allocated to the programs based on personnel costs and square footage used. Management and general costs are charged to the various grants; an estimate of these costs has been reclassified for reporting purposes.

Net Assets – Net assets can be used to further the purpose of the Association. The Board has designated a portion of net assets to indicate that net fixed assets are not available for appropriation.



## ASSOCIATION FOR UTAH COMMUNITY HEALTH NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenses during the reporting period. Actual results could differ from those estimates.

### Note 2. Functional Expenses

The statement of activities reflects expenses by functional area. The following is a description of the functional areas:

AmeriCorps – includes providing personnel to member organizations to assist in reducing barriers to health care and expanding primary care services to the medically underserved populations of Utah.

Diabetes – includes providing technical and financial assistance to member organizations to enhance the diagnosis, treatment, and education of diabetics.

Heart Disease – includes providing technical and financial assistance to member organizations to enhance the treatment and education of individuals with heart disease.

Immunization – includes providing technical and financial assistance to member organizations to enhance the immunization of the medically underserved populations in Utah.

Other Member Services – includes providing technical and financial assistance to member organizations to enhance the services provided.

Pharmacy – includes the administration of contracted pharmaceutical services for participating member organizations.

### Note 3. Fixed Assets

Fixed assets held by the Association at March 31, 2008 are as follows:

		Useful Lives (Years)
Office equipment	\$ 377,847	3 to 7
Furniture	10,821	5 to 7
Leasehold improvements	10,703	5
	<u>399,371</u>	
Accumulated depreciation	<u>(199,678)</u>	
Net fixed assets	<u>\$ 199,693</u>	

## ASSOCIATION FOR UTAH COMMUNITY HEALTH

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Deferred Revenue

The Association has received federal and state revenue in excess of qualifying expenditures. At March 31, 2008, the Association's deferred revenue was in the following programs:

AmeriCorps	\$ 85,625
Diabetes	17,191
Heart Disease	3,487
Immunization	<u>122,514</u>
	<u>\$ 228,817</u>

#### Note 5. Concentrations

At March 31, 2008, the Association's carrying amount of bank deposits was \$780,071 and the bank balance was \$784,089, of which \$100,000 is covered by federal depository insurance.

A significant portion of the Association's revenue and support is from federal and state sources. Federal and state revenues were 63 percent of total revenues and support for the year ended March 31, 2008.

#### Note 6. Lease Commitments

The Association entered into a ten-year lease agreement for its office space expiring July 2016. The terms of the lease are for monthly payments of \$3,989 with annual increases of 3 percent. Rent expense was \$46,755 for the year ended March 31, 2008.

Future minimum lease payments are as follows:

Year Ending <u>March 31,</u>	
2009	\$ 50,284
2010	51,806
2011	53,377
2012	54,984
2013	56,629
Thereafter	201,172

#### Note 7. Retirement Plan

The Association has established a defined benefit contribution plan. The Association contributes 10 percent of eligible employees' covered salaries. The Association made contributions to the plan totaling \$44,107 during the year ended March 31, 2008.

In addition, the Association has established a 403(b) deferred compensation plan for employees to contribute a portion of their salaries. The Association makes no matching contributions to the plan.

REPORTS IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
AND OMB CIRCULAR A-133

Year Ended March 31, 2008

**ASSOCIATION FOR UTAH COMMUNITY HEALTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended March 31, 2008

Grantor/Pass-through Grantor/Program Title	CFDA Number	Receivable (Deferral) 3/31/2007	Received	Expended	Receivable (Deferral) 3/31/2008
<b>U.S. Department of Health and Human Services:</b>					
Direct:					
Technical and Non-Financial Assistance to Health Centers	93.129	\$ 28,682	\$ 626,290	\$ 597,608	\$ -
Cooperative Agreements to States/Territories for the					
Coordination and Development of Primary Care Offices	93.130	-	79,690	120,730	41,040
Specially Selected Health Projects	93.888	-	38,699	38,699	-
Passed through Utah Department of Community					
and Culture:					
AmeriCorps	94.006	(97,633)	\$ 182,395	308,238	28,210
Passed through Utah Department of Health:					
Immunization Grants	93.268	(72,578)	256,000	206,064	(122,514)
Assistance Programs for Chronic Disease Prevention					
Control	93.945	27,924	55,906	47,853	19,871
Cooperative Agreements for State-Based Diabetes Control					
Programs and Evaluation of Surveillance Systems	93.988	43,817	71,000	75,617	48,434
		<u>\$ (69,788)</u>	<u>\$ 1,309,980</u>	<u>\$ 1,394,809</u>	<u>\$ 15,041</u>

The accompanying notes are an integral part of this schedule.

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A.    General**

The schedule of expenditures of federal awards presents the activity of all federal award programs of the Association for Utah Community Health (the Association). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule. The schedule reports the federal awards expended on the accrual basis of accounting.

**Note B.    Reconciliation of Federal Awards**

Federal awards are reported on the statement of activities as revenue and support totaling \$1,394,809 within "Grants" for the year ended March 31, 2008.

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## Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Association for Utah Community Health

We have audited the financial statements of the Association for Utah Community Health (a nonprofit organization) as of and for the year ended March 31, 2008, and have issued our report thereon dated January 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association for Utah Community Health's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association for Utah Community Health's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association for Utah Community Health's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

*Audit Adjustments* – As a result of our audit, we proposed significant adjustments to the Association's accounts. These proposed adjustments included adjustments to the Association's cash, accounts receivable, accrued expenses, deferred revenue, and net asset accounts. We recommend that the Association periodically review its accounting records and reports to ensure that all transactions are properly and timely recorded.

*Views of Responsible Officials* – We appreciate the recommendations and will ensure these types of adjustments are not required in the future.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association for Utah Community Health's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Association for Utah Community Health in a separate letter dated January 13, 2009.

The Association for Utah Community Health's response to the finding in our audit is described above. We did not audit the Association for Utah Community Health's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Squire & Company, PC*

January 13, 2009

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## Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors  
Association for Utah Community Health

### **Compliance**

We have audited the compliance of the Association for Utah Community Health (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the major federal programs for the year ended March 31, 2008. The Association for Utah Community Health's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Association for Utah Community Health's management. Our responsibility is to express an opinion on the Association for Utah Community Health's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association for Utah Community Health's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association for Utah Community Health's compliance with those requirements.

In our opinion, the Association for Utah Community Health complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

### **Internal Control Over Compliance**

The management of the Association for Utah Community Health is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association for Utah Community Health's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association for Utah Community Health's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned



functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Squire & Company, PC*

January 13, 2009

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended March 31, 2008

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No matters were reported in the prior year audit.

Year Ended March 31, 2008

*Financial Statements:*

Internal control over financial reporting:

-Significant deficiency(ies) identified that are not considered to be material weaknesses?  
  x   yes                             none reported

Noncompliance material to financial statements noted?  
 \_\_\_\_\_ yes                        x   no

Internal control over major programs:

- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  
\_\_\_\_\_ yes                  x none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?        yes   x   no

Identification of major programs:

93.268	Immunization grants
94.006	AmeriCorps

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   x   yes        no

No matters were reported.

No matters were reported.

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## Letter to Management

January 13, 2009

Board of Directors  
Association for Utah Community Health

In planning and performing our audit of the financial statements of the Association for Utah Community Health for the year ended March 31, 2008, we noted certain matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 13, 2009, on the financial statements of the Association. Also, control deficiencies and reportable instances of noncompliance, if any, are included in our reports dated January 13, 2009, in accordance with *Government Auditing Standards* and OMB Circular A-133.

### Current year comments

We noted that correspondence with member organizations (subrecipients) regarding award amounts did not identify the source of the funding. We recommend that correspondence include the source of funding including CFDA number and grant name when the source of funds is from the federal government.

*Views of Responsible Officials* – We appreciate the comments and recommendations. We will review these matters and make changes as needed.

The status of these comments will be reviewed as part of our next audit. We have already discussed in detail these comments with management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing recommendations. We appreciate being able to work with the Association personnel in our audit.

*Squire & Company, PC*

Squire & Company, PC

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**

FINANCIAL STATEMENTS  
AND REPORTS IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*  
AND OMB CIRCULAR A-133

Years Ended March 31, 2009 and 2008

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Board of Directors  
Association for Utah Community Health

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We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association for Utah Community Health as of March 31, 2009 and 2008, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2009 on our consideration of the Association for Utah Community Health's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the financial statements of the Association for Utah Community Health taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Squire & Company, PC*

December 21, 2009

**ASSOCIATION FOR UTAH COMMUNITY HEALTH  
STATEMENTS OF FINANCIAL POSITION**

March 31, 2009 and 2008

2009

2008

**ASSETS**

**Current Assets:**

Cash	\$ 755,566	\$ 780,071
Accounts and grants receivable	557,904	569,812
Prepaid expenses	7,853	6,296

Total current assets	1,321,323	1,356,179
----------------------	-----------	-----------

**Net Fixed Assets**

146,397	199,693
---------	---------

Total assets

\$ 1,467,720	\$ 1,555,872
--------------	--------------

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable	\$ 242,992	\$ 261,424
Accrued expenses	105,609	90,102
Deferred grant revenue	208,986	228,817

Total current liabilities	557,587	580,343
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**Unrestricted Net Assets:**

Designated for fixed assets	146,397	199,693
Undesignated	763,736	775,836

Total unrestricted net assets	910,133	975,529
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Total liabilities and net assets

\$ 1,467,720	\$ 1,555,872
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The accompanying notes are an integral part of these financial statements.



**ASSOCIATION FOR UTAH COMMUNITY HEALTH  
STATEMENTS OF ACTIVITIES**

Years Ended March 31, 2009 and 2008

2009

2008

**Unrestricted Net Assets:**

Revenue and Support:

Grants	\$ 1,891,779	\$ 1,454,752
Donations	9,364	14,238
Pharmacy services	631,875	673,699
Membership dues and assessments	207,200	131,175
Annual meeting	41,208	41,333
Interest income	3,849	5,913
Total revenue and support	2,785,275	2,321,110

Expenses:

Program services:

AmeriCorps	403,331	434,954
Diabetes	64,005	74,020
Heart disease	58,878	46,296
Immunization	241,796	202,523
Other member services	1,209,844	714,893
Pharmacy	689,590	685,528
Management and general	183,227	174,389

Total expenses	2,850,671	2,332,603
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<b>Change in Net Assets</b>	(65,396)	(11,493)
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<b>Net Assets at Beginning of Year</b>	975,529	987,022
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<b>Net Assets at End of Year</b>	\$ 910,133	\$ 975,529
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The accompanying notes are an integral part of these financial statements.

## Year Ended March 31, 2009

The accompanying notes are an integral part of this financial statement.

## Year Ended March 31, 2008

The accompanying notes are an integral part of this financial statement.

**ASSOCIATION FOR UTAH COMMUNITY HEALTH  
STATEMENTS OF CASH FLOWS**

Years Ended March 31, 2009 and 2008

	2009	2008
<b>Cash Flows from Operating Activities:</b>		
Cash received from granting agencies	\$ 1,883,856	\$ 1,360,716
Cash received for program services	673,083	836,707
Cash received from members and donors	216,564	21,500
Interest received	3,849	5,913
Cash paid for goods and services	(1,649,564)	(1,052,117)
Cash paid to employees and for benefits	(1,141,432)	(1,106,652)
Net cash provided (used) by operating activities	(13,644)	66,067
<b>Cash Flows from Investing Activities:</b>		
Purchases of fixed assets	(10,861)	(12,333)
<b>Net Change in Cash</b>	(24,505)	53,734
<b>Cash at Beginning of Year</b>	780,071	726,337
<b>Cash at End of Year</b>	<u>\$ 755,566</u>	<u>\$ 780,071</u>

**Supplemental Information:**

A reconciliation of the change in net assets to cash flows provided (used) by operating activities follows:

Change in net assets	\$ (65,396)	\$ (11,493)
Depreciation	63,150	76,245
Loss on sale of fixed asset	1,007	-
Changes in operating assets and liabilities:		
Accounts and grants receivable	11,908	(135,401)
Prepaid expenses	(1,557)	147
Accounts payable	(18,432)	104,937
Accrued expenses	15,507	(9,733)
Deferred grant revenue	(19,831)	41,365
Net cash provided (used) by operating activities	<u>\$ (13,644)</u>	<u>\$ 66,067</u>

The Association paid no interest or income taxes for the years ended March 31, 2009 and 2008.

The Association had no noncash investing or financing activities during the years ended March 31, 2009 and 2008.

The accompanying notes are an integral part of these financial statements.

## ASSOCIATION FOR UTAH COMMUNITY HEALTH

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies

The financial statements of the Association for Utah Community Health (the Association) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Business Activity – Association for Utah Community Health is a nonprofit organization located in Salt Lake City, Utah and was incorporated in 1985, for the purpose of, but not limited to, supporting and representing its member organizations and working to increase access to health care for medically underserved populations in Utah.

Income Taxes – The Association is a tax-exempt organization under Internal Revenue Code Section 501(a) and is classified as a Section 501(c)(3) public charity.

Accounts Receivable – The Association's accounts receivable consist of amounts due from federal, state, and local sources. No allowance for doubtful accounts has been established, as the Association deems all amounts to be fully collectible.

Fixed Assets – Fixed assets are recorded at cost (or, if donated, at estimated fair value at time of donation). Fixed assets valued at \$1,000 or more are capitalized and depreciated using the straight-line method of depreciation over the following estimated useful lives of the assets:

	<u>Useful Lives (Years)</u>
Office equipment	3 to 7
Furniture	5 to 7
Leasehold improvements	5

Donated Services and Supplies – Donated services are recognized as contributions at fair value when the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Donated supplies are recognized as contributions when the supplies would otherwise be purchased by the Association and are recorded at their fair values. Donated services and supplies totaled \$364 and \$2,238 for the years ended March 31, 2009 and 2008, respectively.

Revenue Recognition – Operating funds for the Association are derived from federal, state, and local funds. The Association receives federal and state grants, primarily on a reimbursement basis. Accordingly, grant revenues are recognized when qualifying expenses have been incurred and all other grant requirements have been met. Amounts of restricted grants received in excess of expenditures are recorded as deferred revenue.

Allocation of Costs – Direct costs are charged directly to the appropriate program. Indirect costs are allocated to the programs based on personnel costs and square footage used. Management and general costs are charged to the various grants; an estimate of these costs has been reclassified for reporting purposes.

## ASSOCIATION FOR UTAH COMMUNITY HEALTH

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Summary of Significant Accounting Policies (Continued)

Net Assets – Net assets can be used to further the purpose of the Association. The Board has designated a portion of net assets to indicate that net fixed assets are not available for appropriation.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenses during the reporting period. Actual results could differ from those estimates.

#### Note 2. Functional Expenses

The statement of activities reflects expenses by functional area. The following is a description of the functional areas:

AmeriCorps – includes providing personnel to member organizations to assist in reducing barriers to health care and expanding primary care services to the medically underserved populations of Utah.

Diabetes – includes providing technical and financial assistance to member organizations to enhance the diagnosis, treatment, and education of diabetics.

Heart Disease – includes providing technical and financial assistance to member organizations to enhance the treatment and education of individuals with heart disease.

Immunization – includes providing technical and financial assistance to member organizations to enhance the immunization of the medically underserved populations in Utah.

Other Member Services – includes providing technical and financial assistance to member organizations to enhance the services provided.

Pharmacy – includes the administration of contracted pharmaceutical services for participating member organizations.

#### Note 3. Fixed Assets

Fixed assets held by the Association at March 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Office equipment	\$ 384,342	\$ 377,847
Furniture	10,821	10,821
Leasehold improvements	10,703	10,703
	<u>405,866</u>	<u>399,371</u>
Accumulated depreciation	<u>(259,469)</u>	<u>(199,678)</u>
Net fixed assets	<u>\$ 146,397</u>	<u>\$ 199,693</u>

# ASSOCIATION FOR UTAH COMMUNITY HEALTH

## NOTES TO FINANCIAL STATEMENTS

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### Note 4. Deferred Revenue

The Association has received federal and state revenue in excess of qualifying expenditures. At March 31, 2009 and 2008, the Association's deferred revenue was in the following programs:

	<u>2009</u>	<u>2008</u>
AmeriCorps	\$ 75,345	\$ 85,625
Diabetes	-	17,191
Heart Disease	-	3,487
Immunization	<u>133,641</u>	<u>122,514</u>
	<u>\$208,986</u>	<u>\$228,817</u>

### Note 5. Concentrations

At March 31, 2009, the Association's carrying amount of bank deposits was \$755,566 and the bank balance was \$830,377, of which \$250,000 is covered by federal depository insurance.

A significant portion of the Association's revenue and support is from federal and state sources. Federal and state revenues were 68 and 63 percent of total revenues and support for the years ended March 31, 2009 and 2008, respectively.

### Note 6. Lease Commitments

The Association entered into a ten-year lease agreement for its office space expiring July 2016. The terms of the lease require monthly payments of \$3,989 with annual increases of 3 percent. Rent expense was \$49,760 and \$46,755 for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease payments are as follows:

<u>Year Ending</u> <u>March 31,</u>	
2010	\$ 51,806
2011	53,377
2012	54,984
2013	56,629
2014	58,335
Thereafter	142,837

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 7.    Retirement Plan**

The Association has established a defined benefit contribution plan. The Association contributes 10 percent of eligible employees' covered salaries. The Association made contributions to the plan totaling \$51,616 and \$44,107 during the years ended March 31, 2009 and 2008.

In addition, the Association has established a 403(b) deferred compensation plan for employees to contribute a portion of their salaries. The Association makes no matching contributions to the plan.



REPORTS IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*  
AND OMB CIRCULAR A-133

Year Ended March 31, 2009

**ASSOCIATION FOR UTAH COMMUNITY HEALTH  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended March 31, 2009

Grantor/Pass-through Grantor/Program Title	CFDA Number	Receivable (Deferral) 3/31/2008	Received	Expended	Receivable (Deferral) 3/31/2009
<b>U.S. Department of Health and Human Services:</b>					
Direct:					
Technical and Non-Financial Assistance to Health Centers	93.129	\$ -	\$ 522,148	\$ 725,464	\$ 203,316
Cooperative Agreements to States/Territories for the					
Coordination and Development of Primary Care Offices	93.130	41,040	82,080	41,040	-
Specially Selected Health Projects	93.888	-	320,129	355,910	35,781
Passed through University of Utah:					
Advancing System Improvements to Support Targets for Health People 2010	93.088	-	45,473	103,006	57,533
Passed through Utah Department of Health:					
Immunization Grants	93.268	(122,514)	255,500	244,373	(133,641)
National Bioterrorism Hospital Preparedness Program	93.889	-	45,206	45,206	-
Assistance Programs for Chronic Disease Prevention					
Control	93.945	19,871	50,351	60,663	30,183
Cooperative Agreements for State-Based Diabetes Control					
Programs and Evaluation of Surveillance Systems	93.988	48,434	83,170	66,591	31,855
<b>Corporation for National and Community Service:</b>					
Passed through Utah Department of Community and Culture:					
AmeriCorps	94.006	28,210	308,596	205,041	(75,345)
		<u>\$ 15,041</u>	<u>\$ 1,712,653</u>	<u>\$ 1,847,294</u>	<u>\$ 149,682</u>

The accompanying notes are an integral part of this schedule.

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A. General**

The schedule of expenditures of federal awards presents the activity of all federal award programs of the Association for Utah Community Health (the Association). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule. The schedule reports the federal awards expended on the accrual basis of accounting.

**Note B. Reconciliation of Federal Awards**

Federal awards are reported on the statement of activities as revenue and support totaling \$1,846,664 within "Grants" for the year ended March 31, 2009.

# SQUIRE

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Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

Board of Directors  
Association for Utah Community Health

We have audited the financial statements of the Association for Utah Community Health (a nonprofit organization) as of and for the year ended March 31, 2009, and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Association for Utah Community Health's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association for Utah Community Health's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association for Utah Community Health's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Squire & Company, PC*

December 21, 2009

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## Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Directors  
Association for Utah Community Health

### **Compliance**

We have audited the compliance of the Association for Utah Community Health (a nonprofit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of the major federal programs for the year ended March 31, 2009. The Association for Utah Community Health's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Association for Utah Community Health's management. Our responsibility is to express an opinion on the Association for Utah Community Health's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association for Utah Community Health's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Association for Utah Community Health's compliance with those requirements.

In our opinion, the Association for Utah Community Health complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2009.

### **Internal Control Over Compliance**

The management of the Association for Utah Community Health is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Association for Utah Community Health's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association for Utah Community Health's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Squire & Company, PC*

December 21, 2009

**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended March 31, 2009

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No matters were reported in the prior year audit.



**ASSOCIATION FOR UTAH COMMUNITY HEALTH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended March 31, 2009

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1. Summary of auditor's results:

*Financial Statements:*

Type of auditor's report issued: unqualified

Internal control over financial reporting:

-Material weaknesses identified?      yes   x   no

-Significant deficiencies identified that are not considered to be material weaknesses?  
     yes   x   none reported

Noncompliance material to financial statements noted?  
     yes   x   no

*Federal Awards:*

Internal control over major programs:

-Material weaknesses identified?      yes   x   no

-Significant deficiencies identified that are not considered to be material weaknesses?  
     yes   x   none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?  
     yes   x   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.888	Specially Selected Health Projects
94.006	AmeriCorps

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?   x   yes      no

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.